

**SUBSTITUTE FOR  
SENATE BILL NO. 492**

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending section 90h (MCL 125.2090h), as added by 2017 PA 109.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 90h. (1) The fund shall create and operate the good jobs  
2 for Michigan program to authorize the transfer of the dedicated  
3 portion of withholding tax capture revenues to authorized  
4 businesses that provide certified new jobs in this state. The fund  
5 shall develop and use a detailed application, approval, and  
6 compliance process published and available on the fund's website.

7           (2) An eligible business may apply to the fund to enter into a  
8 written agreement which authorizes the payment of withholding tax  
9 capture revenues under this chapter.



1 (3) The fund may request information, in addition to that  
2 contained in an application, as may be needed to permit the fund to  
3 discharge its responsibilities under this chapter.

4 (4) After receipt of an application, the fund may enter into  
5 an agreement with an eligible business for withholding tax capture  
6 revenues under this chapter if the fund determines that all of the  
7 following are met:

8 (a) The eligible business proposes to create and maintain the  
9 minimum number of certified new jobs at a facility in this state  
10 and to pay an average annual wage that is described in section  
11 90g(d).

12 (b) In addition to the jobs specified in subdivision (a), the  
13 eligible business, if already located within this state, agrees to  
14 maintain a number of full-time jobs equal to or greater than the  
15 number of full-time jobs it maintained in this state prior to the  
16 expansion, as determined by the fund.

17 (c) The plans for the expansion or location are economically  
18 sound.

19 (d) The expansion or location of the eligible business will  
20 benefit the people of this state by increasing opportunities for  
21 employment and by strengthening the economy of this state.

22 (e) The withholding tax capture revenues offered under this  
23 chapter and paid from the good jobs for Michigan fund is an  
24 incentive to expand or locate the eligible business in this state  
25 and address the competitive disadvantages with sites outside this  
26 state.

27 (f) An industry-recognized regional economic model cost-  
28 benefit analysis reveals that the payment of withholding tax  
29 capture revenues under this chapter to an eligible business will



1 result in an overall positive fiscal impact to the state.

2 (g) The eligible business will create the requisite number of  
3 certified new jobs within not more than 5 years after entering into  
4 the written agreement as determined by the fund.

5 (h) The eligible business will maintain the number of  
6 certified new jobs throughout the duration of the period of time  
7 that the authorized business receives withholding tax capture  
8 revenues paid from the good jobs for Michigan fund. However, if the  
9 authorized business fails to maintain the requisite number of  
10 certified new jobs as provided in the written agreement, the  
11 authorized business will forfeit the withholding tax capture  
12 revenues for that calendar year.

13 (i) That the local governing body of the municipality in which  
14 the facility is located approves the expansion or new location by  
15 resolution.

16 (5) If the fund determines that the eligible business  
17 satisfies all of the requirements of subsection (4), subject to  
18 subsection (6), the fund shall determine the amount and duration of  
19 the withholding tax capture revenues to be authorized under this  
20 chapter and shall enter into a written agreement as provided in  
21 this section. The duration of the withholding tax capture revenues  
22 must not exceed 5 or 10 years, whichever is applicable based on the  
23 average annual wage of the certified new jobs, from the date the  
24 authorized business creates the certified new jobs as provided in  
25 the written agreement. Subject to subsection (6), in determining  
26 the maximum amount and maximum duration of the withholding tax  
27 capture revenues authorized, the fund shall consider the following  
28 factors, if applicable:

29 (a) The number of certified new jobs to be created.



1 (b) The degree to which the average annual wage of the  
2 certified new jobs exceeds the prosperity region average wage.

3 (c) Whether there is a disadvantage to the eligible business  
4 if it were to expand or locate in this state versus a site outside  
5 this state.

6 (d) The potential impact of the expansion or location on the  
7 economy of this state.

8 (e) The estimated cost of the reimbursement of withholding tax  
9 capture revenues under this chapter, the staff, financial, or  
10 economic assistance provided by the municipality, or local economic  
11 development corporation or similar entity, and the value of  
12 assistance otherwise provided by this state.

13 (f) Whether the expansion or location will occur in this state  
14 without the payment of withholding tax capture revenues offered  
15 under this chapter.

16 (g) Whether the eligible business has made a written  
17 commitment to fund some portion of costs for applicable training of  
18 the individuals who will perform the full-time jobs that leads to a  
19 professional or technical certification for these individuals.

20 (h) That the eligible business will make a good-faith effort  
21 to employ, if qualified, Michigan residents at the facility.

22 (6) The fund shall determine the duration and amount of the  
23 withholding tax capture revenues. In determining the duration of  
24 the withholding tax capture revenues, the fund shall provide a  
25 duration of up to 5 years for eligible businesses described in  
26 section 90g(d) (ii) and up to a duration of 10 years for eligible  
27 businesses described in section 90g(d) (i) or (iii). In determining  
28 the amount of the withholding tax capture revenue payments, the  
29 fund may approve a payment of not more than 50% of the withholding



1 tax capture revenues for an eligible business described in section  
2 90g(d) (ii) and a payment of up to 100% of the withholding tax  
3 capture revenues for an eligible business described in section  
4 90g(d) (i) or (iii). The amount of withholding tax capture revenues  
5 certified to be paid to an authorized business shall be reduced by  
6 5%, which shall be retained by the fund for additional  
7 administrative expenses under this chapter as provided under  
8 section 90i.

9 (7) A written agreement between an eligible business and the  
10 fund must include, but need not be limited to, all of the  
11 following:

12 (a) A description of the business expansion or location that  
13 is the subject of the written agreement.

14 (b) Conditions upon which the authorized business designation  
15 is made.

16 (c) A statement from the eligible business that the eligible  
17 business would not have added certified new jobs without the  
18 withholding tax capture revenue payments authorized under this  
19 chapter.

20 (d) An estimate of the amount of withholding tax capture  
21 revenues expected to be generated for each calendar year of the  
22 duration of the written agreement.

23 (e) A statement by the eligible business that a violation of  
24 the written agreement may result in the revocation of the  
25 designation as an authorized business, the loss or reduction of  
26 future withholding tax capture revenue payments under this chapter,  
27 or a repayment of withholding tax capture revenues received  
28 pursuant to this chapter.

29 (f) A statement by the eligible business that a



1 misrepresentation in the application may result in the revocation  
 2 of the designation as an authorized business and the repayment of  
 3 withholding tax capture revenues received under this chapter plus a  
 4 penalty equal to 10% of the withholding tax capture revenue  
 5 payments received pursuant to this chapter.

6 (g) A method for measuring and verifying full-time jobs before  
 7 and after an expansion or location of an authorized business in  
 8 this state.

9 (h) A provision that the authorized business that is certified  
 10 under section 90i(2) for a payment from the good jobs for Michigan  
 11 fund shall file the required returns and reports under this chapter  
 12 and part 3 of the income tax act of 1967, 1967 PA 281, MCL 206.701  
 13 to 206.713, with the department of treasury, and shall provide any  
 14 other information reasonably requested by the fund or the  
 15 department of treasury.

16 (i) A maximum amount of withholding tax capture revenues that  
 17 the authorized business may claim before reduction of the 5%  
 18 payment described in section 90i for administrative expenses.

19 (8) Upon execution of a written agreement as provided in this  
 20 chapter, an eligible business is an authorized business. The fund  
 21 shall provide a copy of each written agreement to the department of  
 22 treasury. Upon execution of the written agreement, the transfer and  
 23 payment of withholding tax capture revenues as specified in this  
 24 chapter and in the written agreement is binding on this state. The  
 25 state treasurer shall calculate, based on the written agreements  
 26 received pursuant to this subsection, the amount of withholding tax  
 27 capture revenues collected as a result of the certified new jobs  
 28 created pursuant to those written agreements for each calendar year  
 29 and the percentage of that amount that needs to be transferred from



1 the general fund and deposited, in accordance with section 51f of  
2 the income tax act of 1967, 1967 PA 281, MCL 206.51f, into the good  
3 jobs for Michigan fund, where the fund shall issue payments to the  
4 authorized business in the manner provided in section 90i.

5 (9) The fund shall not commit, and the department of treasury  
6 shall not disburse, an amount of total withholding tax capture  
7 revenues that exceeds ~~\$200,000,000.00~~, **\$500,000,000.00**, which  
8 includes the 5% payment for administrative expenses as provided in  
9 section 90i. The fund shall not execute more than 15 new written  
10 agreements each calendar year for authorized businesses. If the  
11 fund approves fewer than 15 written agreements in a calendar year,  
12 then any unused written agreements shall carry forward into future  
13 calendar years, and shall be in addition to the annual limit that  
14 is otherwise applicable. For purposes of this subsection, "total  
15 withholding tax capture revenues" means the aggregate amount of  
16 withholding tax capture revenues that may be distributed to  
17 authorized businesses under all written agreements.

18 (10) The fund shall not designate an authorized business or  
19 enter into a new written agreement on or after December 31,  
20 ~~2019~~.**2024**.

